

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 23, 2006

COMMONWEALTH OF VIRGINIA ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUE-2006-00073

Ex Parte: In the matter of amending regulations
governing net energy metering

ORDER ESTABLISHING PROCEEDING

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 et seq. ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia ("Restructuring Act"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

Chapter 470 of the 2006 Acts of Assembly amended Va. Code § 56-594 to revise the definition of eligible customer-generator. As amended, eligible customer-generator means a customer that owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility that: (i) has a capacity of not more than 10 kilowatts for residential customers and 500 kilowatts for nonresidential customers; (ii) uses as its total source of fuel renewable energy, as defined in § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and (v) is intended primarily to offset all or part of the

customer's own electricity requirements. The current Net Energy Metering Rules must be revised first to reflect an expansion of the definition of eligible customer-generator such that it will include not only a customer who owns and operates an electrical generating facility, but also one who contracts with other persons to own, operate, or both, the electrical generating facility. The Net Energy Metering Rules must also be revised to reflect the expansion of the types of permissible fuels for the electrical generating facility. In addition to previously permitted solar, wind, and hydro, energy from waste, wave motion, tides, and geothermal power are now permissible fuels.¹ It is also now required that not only must the generator be located on the customer's premises, but must also be connected to the customer's wiring on the customer's side of its interconnection with the distributor.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a proceeding should be established to amend the Net Energy Metering Rules to revise the definition of eligible customer-generator as described herein and to determine how the amendment of Va. Code § 56-594 pursuant to Chapter 470 of the 2006 Acts of Assembly otherwise may need to be reflected. The Commission is proposing amendments to the Net Energy Metering Rules as appear in the proposed draft regulations attached hereto ("Proposed Rules"). We will direct that notice of the Proposed Rules be given to the public and that interested persons be provided an opportunity to file written comments on, propose modifications or supplements to, or request a hearing on the Proposed Rules. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of Va. Code § 56-594 pursuant to Chapter 470 of the

¹ Va. Code § 56-576. Renewable energy does not include energy derived from coal, oil, natural gas or nuclear power.

2006 Acts of Assembly. Issues outside the scope of implementing this amendment will not be open for consideration.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2006-00073.
- (2) The Commission's Division of Information Resources shall forward a copy of this Order to the Registrar of Regulation for publication in the Virginia Register.
- (3) On or before July 24, 2006, the Commission's Division of Information Resources shall publish the following notice as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF A PROCEEDING
TO AMEND REGULATIONS FOR NET ENERGY METERING
PURSUANT TO § 56-594 OF THE CODE OF VIRGINIA
CASE NO. PUE-2006-00073

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 et seq. ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia ("Restructuring Act"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

Chapter 470 of the 2006 Acts of Assembly amended Va. Code § 56-594 to revise the definition of eligible customer-generator. As amended, eligible customer-generator means a customer that owns and operates, or contracts with other persons to own, operate or both, an electrical generating facility that (i) has a capacity of not more than 10 kilowatts for residential customers and 500 kilowatts for nonresidential customers; (ii) uses as its total source of fuel renewable energy, as defined in § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel with

an electric company's transmission and distribution facilities; and (v) is intended primarily to offset all or part of the customer's own electricity requirements.

The Commission has established a proceeding and proposed amendments to the Net Energy Metering Rules to reflect the changes required by the revision of Va. Code § 56-594 ("Proposed Rules"). Interested persons are encouraged to obtain a copy of the Commission Order and the proposed amendments in this proceeding. Copies are available for public inspection at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, Monday through Friday, 8:15 a.m. to 5:00 p.m., or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

On or before August 21, 2006, any interested person may file an original and fifteen (15) copies of any written comments on or proposed modifications or supplements to the Proposed Rules with the Clerk of the Commission at the address set forth below. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of Va. Code § 56-594 pursuant to Chapter 470 of the 2006 Acts of Assembly. Issues outside the scope of implementing this amendment will not be open for consideration.

On or before August 21, 2006, any interested person may file an original and fifteen (15) copies of any requests for hearing with the Clerk of the Commission at the address set forth below. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If sufficient request for hearing is not received, the Commission may enter an order based upon the papers filed. Persons expecting to participate as a respondent in any hearing that may be scheduled shall include with their request for hearing an original and fifteen (15) copies of a notice of participation in accordance with 5 VAC 5-20-80 of the Commission Rules of Practice and Procedure, 5 VAC 5-20-10 et seq.

All filings in this proceeding shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE-2006-00073.

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(4) On or before August 21, 2006, any interested person may comment on, propose modifications or supplements to, or request a hearing on the Proposed Rules by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of Va. Code § 56-594 pursuant to Chapter 470 of the 2006 Acts of Assembly. Issues outside the scope of implementing this amendment will not be open for consideration. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Interested parties shall refer in their comments or requests to Case No. PUE-2006-00073. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(5) Also on or before August 21, 2006, persons filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled in this matter shall file an original and fifteen (15) copies of a notice of participation in accordance with 5 VAC 5-20-80 of the Commission Rules of Practice and Procedure, 5 VAC 5-20-10 et seq. Interested parties shall refer in their notices to Case No. PUE-2006-00073. All notices of

participation shall be filed with the Clerk of the Commission at the address set forth in Paragraph (4) above.

(6) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.